

Agreement and Certification

**Insurance Upon Completion under Sec. 207,
pursuant to Sec. 223(f) or Sec. 223(a)(7)**

U.S. Department of Housing and Urban Development

Office of Housing
Federal Housing Commissioner

This Agreement is effective as of the _____ day of _____, by and among the

(hereinafter, the Mortgagor), and _____
(hereinafter, the Mortgagee), and the Secretary of Housing and Urban Development, acting through the
Federal Housing Commissioner, (hereinafter, the Commissioner), upon the following premises.

The Mortgagor has applied to the Mortgagee for a mortgage loan (hereinafter, the Mortgage Loan) in the
amount of \$ _____ for the purpose of acquiring or refinancing an existing
housing project identified as HUD Project No. _____.

The Mortgagee has applied to the Commissioner for mortgage insurance under *(check appropriate box)*
☐ Section 207 pursuant to Section 223(f) ☐ Section 223(a)(7) of the National Housing Act, as amended,
covering the Mortgage Loan, and the Commissioner has issued a Commitment to insure the Mortgage
Loan in an amount not to exceed \$ _____ upon the completion, or satisfactory
arrangements for the completion, of repairs, in consequence of which the Mortgage Loan is subject to
reduction as provided in the National Housing Act, as amended, and regulations and directives issued
pursuant thereto.

The Commissioner requires execution of this Agreement as a condition of insuring the Mortgage Loan.

WITNESS:

1. In consideration of the agreement of the Mortgagee to make the Mortgage Loan, and as
an inducement to the Commissioner to insure the Mortgage Loan, the Mortgagor agrees to submit to the
Commissioner, prior to the endorsement of the Mortgage Loan for insurance, its certificate of actual cost,
on forms and in the manner prescribed by and acceptable to the Commissioner. The Mortgagor further
agrees that if the Commissioner, for purposes of cost certification, accepts estimates for any items, the
Mortgagor will, upon determination of the actual costs, submit on forms and in the manner prescribed by
and acceptable to the Commissioner, a certificate of such actual costs, which shall be reduced by the net
amount (total receipts less expenses of perfecting claims) of settlement of claims against bonding
companies or others; and that if the substitution of such certified actual costs for the estimates thereof
previously accepted by the Commissioner at the time of endorsement of the Mortgage Loan for insurance
would have required a reduction of the Mortgage Loan, the Mortgagor understands that prepayment of the
Mortgage Loan is required in an amount equal to the scheduled monthly principal payments, to the extent
possible, and any remaining balance will be deposited into the Project's Reserve Fund for Replacements.

2. The Mortgagor and Mortgagee understand and agree that, prior to the endorsement of
the Mortgage Loan for insurance, the Commitment and Mortgage Loan may be reduced to comply with the
provisions of Section 227 of the National Housing Act, as amended, and regulations and directives issued
pursuant thereto. The Mortgagor and Mortgagee further agree to execute such instruments as may be
required to accomplish such reduction, and the Mortgagee agrees that the Mortgage Loan will be reduced
accordingly.

3. The Mortgagor agrees to maintain and keep adequate records of all costs referred to in Paragraph 1 herein, and, upon request, to make such records available promptly for examination by the Commissioner.

4. In the event that one or more contractors undertake the repairs required by the Commitment, the Mortgagor will include in any contract provisions requiring the contractor, upon completion of the repairs, to submit to the Mortgagor a certificate of the actual costs of labor, materials, and other necessary costs, in the form and manner required by the Commissioner, after the deduction of all kickbacks, rebates, adjustments, discounts, or any other arrangement in the nature thereof. The Mortgagor further agrees to include in any such contract a provision requiring the contractor to maintain and keep adequate records of all such costs, and, upon request, to make such records available promptly for examination by the Commissioner.

IN WITNESS WHEREOF, the parties have duly executed this Agreement.

The foregoing agreement, undertaking, statement or certification has been made, presented and delivered for the purpose of influencing an official action of the Federal Housing Administration and the Federal Housing Commissioner, and may be relied upon by the Commissioner as a true statement of the facts contained therein.

MORTGAGOR

MORTGAGEE

By: _____

By: _____

Print name and title

Print name and title

FEDERAL HOUSING COMMISSIONER

By: _____

Print name

Authorized Agent